

The port: Baltimore's gateway to opportunity

Expansion of the Panama Canal, new intermodal facility promise economic development for Maryland

By J. Thomas Sadowski

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With each passing week, the Port of Baltimore, the region and the entire state of Maryland edge closer to an opportunity that will give our market a major advantage in the competition for jobs and economic development.

The expansion of the Panama Canal, scheduled to be completed sometime in late 2014 or early 2015, will enable massive new cargo container ships to connect Asian markets to the East Coast of the United States. The Port of Baltimore is poised to be one of only two ports on the East Coast prepared to accommodate these new ships when the expanded canal opens.

Accompanying this port expansion is a plan from CSX Transportation and the Maryland Department of Transportation to expand our region's container rail capacity by developing an intermodal facility that will allow cargo containers to be "double-stacked" and more easily transported to markets in the Northeast, Midwest and Southern United States. This project is a critical piece of what is known as the CSX National Gateway rail distribution network.

We have seen much speculation about what both the port expansion and the new intermodal facility may mean for our region — particularly for the hundreds of businesses and thousands of workers who rely on the port each day. Earlier this year, the Economic Alliance of Greater Baltimore commissioned the Regional Economic Studies Institute (RESI) of Towson University to look at the economic impact of this opportunity for the port.

The study, released last week, provides remarkable insight into just how important the port expansion and the construction of an intermodal facility will be to Maryland's future.

The Panama Canal expansion could create a 20 percent to 25 percent boost in containerized cargo activity for East Coast ports like Baltimore that are prepared to handle the supersized ships and swiftly move the cargo inland. Not surprisingly, that would create hundreds of jobs and significant new economic activity, wages and tax revenues across the region. (Please refer to the full RESI study at

http://www.greaterbaltimore.org/Portals/0/Publications/Reports/Port_of_Baltimore_Impact_Study_Web.pdf.)

For the Economic Alliance of Greater Baltimore, of particular concern were the report's findings on what could happen if our region fails to adequately prepare for this surge in cargo. By not establishing a link to the vital National Gateway network, we would not have the infrastructure

necessary to transport the containers to and from cargo vessels and key national markets in the most efficient and cost-competitive manner.

"In order to capitalize on the Panama Canal expansion project and avoid decreasing the economic vitality of the Port of Baltimore and its surrounding economies, proper steps must be taken to improve the current rail system," the report concluded. "Without such improvements, not only will the recent changes to the Port of Baltimore not be maximized, but the state could potentially see a loss of jobs, state GDP, wages, and tax revenues, where it has been determined that increases should take place."

The study estimated that Maryland might even lose up to 50 percent of its container traffic to a port like Norfolk, Va. — the other East Coast port able to handle the larger ships — costing our region hundreds of jobs and tens of millions in economic activity and tax revenue.

Given that potential scenario, the Economic Alliance of Greater Baltimore applauds the recent efforts of Baltimore Mayor Stephanie Rawlings-Blake to step forward and suggest that CSX and state officials look to the city to build that crucial intermodal rail facility. Previous plans to select a location somewhere in suburban Howard, Anne Arundel or Prince George's counties had been met with significant challenges related to environmental issues and community concerns. The mayor's leadership has been crucial in ultimately identifying a site for this strategically vital economic development opportunity at the Mount Clare train yard in Southwest Baltimore.

The significant economic benefits to our region — and the sustained, long-term tax revenues that these projects will generate — make a clear and compelling case in favor of the upfront public investment required, and the quick return that is anticipated on that investment. Making investments in the port and surrounding infrastructure will have positive impacts that will be generational in scope.

With the release of this new report, our next steps will involve taking a more in-depth look at the logistics and value-added manufacturing sectors to better understand the opportunities to come. A critical goal will be to help grow business and jobs in these areas by taking advantage of our region's tremendous labor force and tradition of innovation and manufacturing excellence.

Both the efforts at the Port of Baltimore and the plans for the intermodal rail facility are tremendous examples of the value that key public-private partnerships have on our region, and we hope that their successes will encourage government officials and private investors to continue to explore such strategic and economically beneficial opportunities in the future. These are investments that foster the sustainability of our quality of life in Greater Baltimore.

Baltimore is a world-class market worthy and capable of leveraging the enhanced, competitive advantage that will be provided by the port and the National Gateway intermodal rail project. The progress being made on these valuable pieces of infrastructure could well mark the dawning of a new industrial era in the Greater Baltimore region and the state of Maryland.

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